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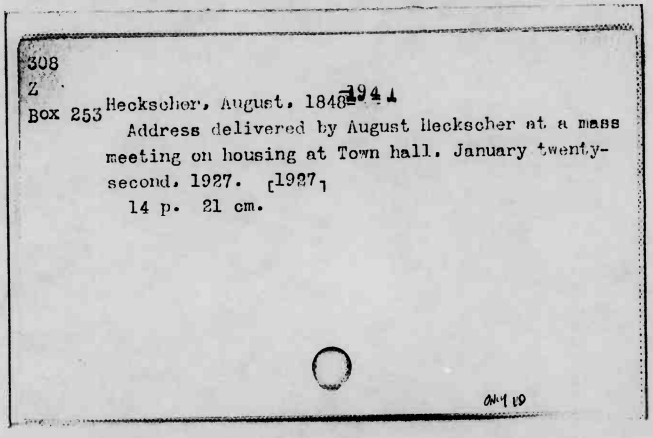
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Box 253 Heckscher, August, 1848-1941
Address delivered by August Heckscher at a mass meeting on housing at Town hall, January twenty-second, 1927. [1927]
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Delivered by

August Heckscher

at a

Mass Meeting on Housing

at Town Hall

January, Twenty-second 1927

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Feb 6, 1930 DA/HEE

Mr. Chairman, Ladies and Gentlemen:

The problem of the slums is one of great complexity. We cannot radically alter over night what centuries have condoned. We must allow for the physical difficulity of inadequate income. We must correct a state of mind; discouragement, resentment and criminal proclivities.

Wherever the problem of inadequate housing facilities in congested areas amid unsanitary surroundings has hereto-fore been met and its correction courageously and adequately undertaken, it has been done by Government and City, and this has been the case even in communities where the cost has placed a serious burden on the people.

England, Holland, Germany and France, Denmark, Sweden and Norway, all the most forward-looking among European nations, have through governmental agencies and direct municipal, financial and managerial responsibility, taken in hand the radical elimination of unsanitary conditions in their congested areas, and have to an extent at least solved the problem of proper housing facilities at a cost satisfactory to the tenant.

In this country about all that has been done as yet has been improvidently done. We have in New York listened to the clamor of landlord and tenant, and relieved from taxation new homes to be built, but we have not adequately seen to it that relief from taxation thus secured has benefitted the tenant. The evidence would seem to be the other way.

We have through private means, often at large cost but in sporadic instances only, provided new homes for some of the population. The outcome of this has been to assist a few, able in the last analysis to take care of themselves, in securing better homes. The mass of those whose income is inadequate and whose habits of mind are benumbed, continue to dwell in soul-breaking misery amid impossible surroundings.

It is always the worst, the smallest money earners, the least able to trend upward, whom we shall find as the irreducible minimum in the slums. What can we do to rescue from filth and degradation human beings who ought to have an equal chance with us for happiness and health?

Private enterprise and private charity cannot cope with the problem. They cannot be organized for concerted action. The cost to them and thus to the tenant is too great. Their power is too circumscribed. What they undertake is of necessity fragmentary. It creates unequal conditions. There is not the necessary follow-up work. Many of those benefitted, if benefitted in the slum areas, gravitate down again into the depths.

State and City, following the example of the enlightened nations of Europe, or striking out on new paths, have built highways that are becoming the wonder of the world, have established a system of schools at incredible cost, have even undertaken to assist private charitable enterprises through subvention, generally without supervision, and have in many ways undertaken assistance that only recently has been deemed the concern of the State; and yet, when now we are brought face to face at last through investigation and appeal with a housing situation that is utterly indefensible, we find these agencies unable or unwilling themselves to correct the most crying evel of the day.

The City of New York has gone so far within the last ten years as to allot a large sum of money—$5,000,000. at the present time—annually for the relief of distress in about this wise:

Widows and children with inadequate incomes are allotted a given sum monthly to enable the breadwinner to keep the family from starvation. The income of the mother is investigated and a formula applied, as to the income, the number of children, the ages of the children, the surrrounding circumstances, and a sum of money is then given, shown

to be necessary to meet the expenses of the family.

The fund has been ably, conservatively and economically administered; it is claimed that it is much too small, but what is it other than that the municipality has stepped in to prevent high rents or impossible costs from submerging the mother and her children? Where shall we draw the line? When it is proposed that the municipality act itself to correct housing conditions known to be unspeakable, we are met with the statement that it cannot be done.

It will, I think, be useful to point out that Chapter 832 of the laws of New York, the most recent State Housing Law, falls short of providing an adequate remedy. The law of necessity is complicated. It attempts what has never been successful anywhere; the financing by private means of what should be a comprehensive and constructive State and City undertaking.

I have taken the preliminary report of the State Board of Housing, created under the act, a most able and helpful report by the way, as my text. And may I say in passing that if I believed the State Board's plans to be even reasonably adequate, I would endorse them with enthusiasm.

The law offers to create two separate agencies for correcting present evils. There is to be a so-called "Public Limited Dividend Housing Company" and a "Private Limited Dividend Housing Company". The last named cannot exercise the power of eminent domain in the acquisition of property. It can never succeed because, if it cannot condemn, it cannot acquire areas—only separate and segregated parcels; prices will immediately rise in the vicinity where better buildings are undertaken. But the Private Housing Company is limited as to the dividends also which it may pay on its stock to six per cent per annum, and the only material advantage it derives from the new law is exemption from taxation on its new buildings for a limited

number of years and the right to resell as opportunity may offer.

I believe I can state without fear of successful contradiction that if private housing companies undertake purchase and rebuilding under the act, they will not only be at a serious disadvantage in competion with other private enterprises wholly untrammeled, but the sporadic reclamation they may undertake, will merge hopelessly in general ineptitude.

The Public Limited Dividend Housing Companies seem to be still more seriously handicapped by the provisions of their charter. While they may exercise all the powers granted under the act, including the power of condemnation, they are prohibited from selling or otherwise disposing of any land acquired under condemnation except to another Public Limited Dividend Housing Company, and then only with the approval of the State Board of Housing. They are required to manage their properties for a term of fifty years, nor may they dissolve within that term except with the approval of the State Board of Housing. They may transfer their properties to another like Housing Company with the approval of the Board, but they may not any more than may the private companies pay in excess of six per cent in dividends to their shareholders, no matter what the income, and thus the speculative element, which in real estate is the core of successful undertakings, is practically eliminated.

The human mind does not work as Chapter 823 would like to have it work. Nor does the tenant derive great benefit for many years. Twelve dollars and fifty cents ($12.50) per room per month is an impossible rent for the very people whom first we must rescue and assist. A four room tenement costing fifty dollars ($50.00) monthly means for many the one-half of their income.

Practically all that under this law the State does is to cede its right of eminent domain which costs it nothing, for the acquisition of single properties or city blocks, not acres or areas. No one can rebuild streets or widen them, can install playgrounds and squares, can redistrict and rezone. Condemnation proceedings lie only against given properties and under what will doubtless be found to be costly and time-consuming conditions.

The City equally forehanded may until 1937 release from taxation the new buildings to be erected, but not the land. When will these blocks be ready for occupancy? Shall we say three years hence? The City will profit greatly through increased values of nearby areas which it taxes both as to land and buildings. It does not, in my judgment, make an adequate contribution to the little that will be accomplished.

The State exempts from taxation securities which are practically tax free now, excepting that the one-half per cent of the mortgage recording tax, paid once only, is remitted.

On investigation it will be found that the twelve dollars and fifty cents ($12.50) per room that is to become the standard in the City of New York for public and private housing companies under the act can, State and City cooperating, the City purchasing and rebuilding, be lowered to eight dollars ($8.00) per room per month and provide an adequate return for the City's investment and a gradual amortization of the principal.

The figures have been heretofore given in detail and have been published. The cost to the new Housing Companies during the first twenty years, when they must amortize their loans at two per cent annually, enable them to rent at approximately eleven dollars ($11.00) per room per month and earn their six per cent dividend. The cost to the City which pays no taxes on the land, borrows its

money at four per cent if it allows for rather more than a one per cent annual amortization enables it to rent at eight dollars ($8.00) per room and indeed at seven dollars ($7.00) per room, if amortization during the first ten years is reduced or disregarded.

As to the type of construction: Some of us are convinced that standardized buildings will enable us to erect strictly fireproof structures ten stories high with elevators to serve the women and children all day and the men at least leaving in the morning and returning at night. Fireproof construction will mean buildings that have a safe life for a period of about fifty years; while semi-fireproof construction means that in twenty-five years the buildings will probably have to be replaced; that the cost of upkeep will be larger, insurance dearer and that the safety from fire hazard will be less.

London builds fireproof and has been intensively investigating and carrying out its policy of rebuilding the slums by the acre and not by the lot, but it has not yet evolved what is called the model tenement which we so glibly discuss who have had scant experience.

London County Council now builds a lower-rent type of fireproof tenements in which certain of the domestic appliances are shared by two tenants; each family has its own sink in a small scullary and its own water closet, but the wash room and bath are in each case used by two families.

We are told that the laws as they now stand will not admit of State and City themselves entertaining a housing program such as we advocate. I am not a lawyer but have sought the advice of eminent counsel, and your attention is called to a decision of the Supreme Court of the United States in Green against Frazier (1920) 253 U. S. 233, where the United States Supreme Court had before it a North Dakota statute which, among other things, provided for an Industrial Commission that was to engage in the enterprise

of providing homes for residents of the state; it was given the power of eminent domain as well as the right to purchase and lease property. The Court, by an unanimous opinion, held that this statute was not unconstitutional. The opinion was delivered by Judge Day, and can be read in extenso by those who are interested in the subject.

It might be added that this decision was predicated upon a simularly favorable decision in the highest court in the State of South Dakota.

It has been urged also that the City cannot invest in undertakings which are only prospectively profitable, and not profitable at the time when the investment is made.

Attention is called to the City Charter (Ash 5th Ed. 1925) which provides that the City shall not * * * * expend any part of the proceeds of sale of corporate stock, etc., for other than revenue producing improvements and * * * * farther down in the same paragraph that "the term revenue-producing, as used in this section, shall apply to that class of improvements, including among other those for docks, water and rapid transit purposes, the expenditure for which at the time it is authorized, shall be determined by the Board of Estimate and Apportionment to have a substantial *PRESENT OR PROSPECTIVE* earning power."

As to this I am advised by counsel that the general indication of the statutes and decisions is that a housing plan financed and maintained by the City could be legally effected, if the plan can be authoritatively said to be revenue-producing.

Counsel were of opinion that any difficulty presented by any decisions heretofore rendered (more particularly in the Browne case against the City of New York (1925) 241 N. Y. 96, 119,) can be readily obviated by an enactment of the State Legislature.

So that if there is a will, there surely is a way, and even

if it be shown as has been stated recently, that in twenty years from now when two-thirds of the capital invested has been amortized, rentals can be reduced to as low as five dollars ($5.00) per room under the 1925 housing law, it remains true—that the buildings by that time will be practically obsolete and may have to be replaced; that only State and City can give adequate relief from unsatisfactory surroundings; that relief must mean entire areas rebuilt and provided with proper facilities, such as playgrounds, open spaces, wider streets, better sanitation; that it is infinitely better to have the properties acquired revert to the City whenever the need for emergency housing for the poorer classes is no longer present, and that the City should itself secure the increase in land values that is sure to supervene. Further that semi-fireproof construction should by all means be eliminated, fireproof construction adopted, elevatored and standardized buildings substituted if possible for six story walk-up apartments, and that viewed from any angle, if management and control are to vest in an outside self-perpetuating body of able and high-minded men, similar to the present organization of the State Housing Board who serve without pay, State and City ownership, reconstruction and management are the best and the most enduring.

Our City is now seeking a credit of $300,000,000. to build subways which for many years must remain unproductive. Serious doubt is expressed and protest has been made against the expenditure of this money for a separate and segregated subway.

Why not appropriate this fund to correct our unspeakable housing conditions? The need is even greater than that of subways. The subject is more compelling; the income more immediate. Subways can be built by private enterprise Housing conditions cannot be adequately so corrected. Let us have a City at last attractive and beyond reproach.

If great increment in value shall hereafter accrue, because of the increasing value of the land that we can all foresee, then why not let such value go to the people at large, giving New York a City beautiful, similar to Paris, instead of piecemeal reconstruction as now advocated, in the drab areas of New York, contrasting as it must still more sharply in the future with the cloud-compelling buildings of other portions of our City as we see them even now.

A recent editorial in one of our great dailies suggests that New York's increasing mulitudes be housed on the periphery of the area, and that the east side may not be the locality to build. But the lower east side has by no means a monoply of overcrowded and insanitary conditions. These are to be found on the upper east side and both on the lower and upper west sides of the City.

It cannot be denied that preferentially little children could grow up with their nights amid restful surroundings and their days in the open spaces. But what then becomes of their elders the breadwinners who have not the time to travel, of our transportation system already overtaxed, our school buildings, erected at enormous cost and our teachers who must also migrate.

May I add that we have the unusual advantage at this time of having both our State and City executives thoroughly sympathetic to any plan that will effectually and permanently cure the evil of insanitary housing and surroundings. I refer to Governor Smith and Mayor Walker. Their hearts beat warm for the Children of the poor.

I am informed that in Brooklyn there are upper floors in five story walk-up tenements renting at ten dollars ($10.00) per room and which stand vacant. Tenants will not walk so high when lower floors are available. These walk-up apartments are provided with heat, hot water, electricity and modern plumbing.

Before the State Housing Board commences to build its six floor walk-up apartments their plans may be already obsolete. This is a development of which I had no knowledge until within the last few days. In fireproof buildings supplied with elevators the upper floors are the most desirable.

RENT PAYING CAPACITY

There is no good reason why the City of New York cannot differentiate in the rentals charged, if the control of such differentiation is in the hands of men and women, whom all of us can trust to do what is right. There is no equity in permitting pauperization of a family because the earnings of the breadwinner or breadwinners are small. There is no good reason why the City of New York shall extend in charity what it cannot yield in justice. A man whose income is from $1,000. to $1,500. annually and who has a family to support cannot pay over twenty per cent of his income as rent.

CONDEMNATION OF ALL SLUM AREAS

It would seem as though equity demanded that all areas designated as slums, after careful investigation in all parts of the City, be condemned at the same time. If that works hardship to owners, who by the way can continue to collect rents until notified that their properties must be razed, it is a hardship that they have invited because they have permitted intolerable conditions to continue and have derived income therefrom.

Where sanitary properties are condemned as part and parcel of a general rebuilding campaign, proper allowance can be made.

SUPERVISION

There will be no excuse if slum dwellers, now accustomed to unsanitary surroundings, drift back into

slovenly habits. A system of supervision can be provided which will compel inspection of homes and cleanly habits. A system of follow-up will in any event have to be devised, and with our population—reasonably educated from day to day through the newspapers, learning each day from contact with the world at large, there will be no difficulty either in finding men and women who will supervise and follow up or in securing from among the multitudinous population whom we seek to serve men and women who are leaders that will undertake the task.

UNRESPONSIVE WEALTH

I fear we must give up the thought that the enormously wealthy among us will rise to the occasion, will render service and will donate money or invest it in an undertaking, greatly hampered as it is by State laws and State and City supervision.

Wealth is hyper-conservative. It rarely gives to the limit of even its reasonable ability.

What is in contemplation must commend itself to the people at large. The people of slender means are more generous than are the rich. But why should not the City absorb the unearned increment and undertake the job?

CONSTRUCTION

It would seem obvious that where the multitude dwells, fireproof construction is not only safest but is essential. One of the foremost builders in the City of New York gives it as his opinion that semi-fireproof construction, under the hard usage it will get, must be replaced in twenty-five years, and cannot be made sanitary, while fireproof construction will stand up to fifty years. From that angle alone fireproof construction is best.

But also we should at once and intensively investigate whether in our day six story walk-up apartments, especially

of semi-fireproof construction, are not already obsolete. If it shall be shown to be reasonably safe from the financial angle to build higher, build fireproof and use elevators, then semi-fireproof walk-up tenements must even now be condemned. We have no definite data on the subject. We have expert opinion that by standardizing construction, fireproof ten story buildings for the many are financially sound. Let us have the facts.

Taller buildings will give us more open spaces, a better contrast with our star-gazing towers, absolute in place of relative sanitation, and a sufficiently long life for more gradual amortization of cost.

Plumbing must be the strongest and best. Something like that used in insane asylums, so as to make it fool-proof. It needs periodic and indeed constant supervision. Showers should take the place of bathtubs. Heat and hot water being furnished, and absorbed in the rent, cleanliness can be insisted on. Supervision will bring into the fold those who now are slovenly. Ample proof is available, if proof be needed, that the unfortunates whose income compels their living in what are called the slums, accustom themselves through the children and the mother very quickly to sanitary surroundings and to make the home at least reasonably attractive.

It is an indictment of society when we find an outstanding welfare worker after investigation reporting to the Governor of the State that "*home is a place to be shunned*".

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